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SUBJECT: CHINESE PRESIDENT SPREADS LARGESSE AND BRUISES
FEELINGS IN MAURITIUS

REF: A. PORT LOUIS 44

[B.](#) 2008 PORT LOUIS 142

Classified by Charge d'Affaires Virginia Blaser for reasons
1.4 (b and d).

¶1. (C) SUMMARY: Although diplomatic relations between China and Mauritius date back to 1972, the first visit to Mauritius of a Chinese President took place this week from February 16-17. President Hu Jintao visited Mauritius as part of a four-leg African tour that also included Senegal, Mali, and Tanzania. Eager to please, the Prime Minister made public statements during the visit that some observers considered pandering. And GOM willingness to accede to every logistical demand made by the Chinese government caused economic disruption, school closings, and wide-ranging complaints among the public. The GOM considers the visit well worth the complaints of locals, however, as it led to new bilateral cooperation agreements amounting in value of approximately USD 281 million. END SUMMARY.

SEEDS FOR A VISIT

¶2. (U) In July 2007, during his week-long visit to China to discuss bilateral trade and investment cooperation and attend the China-Africa Summit, Mauritian Prime Minister (PM) Navin Ramgoolam invited Chinese President Hu Jintao to Mauritius. It seems as if the pitch made by Ramgoolam and his delegation in 2007 convinced China of the potential strategic advantages of a stronger relationship, because on February 16-17, for the first time in the history of their diplomatic relations, the Chinese president visited Mauritius.

CONTEXT: PRE-VISIT STATUS OF BILATERAL TRADE

¶3. (U) The visit took place in an already healthy bilateral trade partnership. China is a major trading partner of Mauritius, and the relationship is readily expanding. Total trade between the two countries grew by 35 percent in 2007, from USD 322 million in 2006 to USD 434 million. Imports from China amounted to USD 330 million in the first 9 months of 2008, which represents 11 percent of total Mauritian imports. China is the second largest source of imports for Mauritius, after India. Chinese imports to Mauritius include basic consumer goods, household/electrical appliances, motorcycles, hardware, communication equipment, paper, plywood, chemicals, tires, textiles and apparel, and foodstuffs. Exports to China are negligible, accounting for 0.2 percent of total Mauritian exports in 2007.

¶14. (SBU) Mauritius has received aid from China ever since the two countries established diplomatic relations in 1972. Chinese aid, mostly in the form of interest-free or low-interest loans, is channeled principally into infrastructure projects, such as health and sports facilities, an airport terminal, low-cost housing, and sewage projects.

¶15. (SBU) As another example of Chinese aid, in April 2008, the Mauritius Police Force signed an agreement with the Chinese Institute of Research to install 300 surveillance cameras in the tourist-laden North of the island, as part of a program to combat crimes in tourist areas. The project is estimated at USD 4 million. China is also financing the new headquarters for the national radio/TV station, which is currently under construction. The project is estimated at USD 13 million.

¶16. (SBU) In recent years, three Chinese telecommunication companies (Huawei Technologies, Haier Mobile, and ZTE) opened their regional headquarters in Mauritius to service the local users and the Indian Ocean and African markets. In addition, three construction firms (Chan Chen Esquires, China Jiang Shu, and Tianli Construction), have offices in Mauritius and are currently involved in several construction projects, using mostly Chinese labor. In the Freeport (free trade zone), five Chinese companies are engaged in import/export activities in general goods supplying the markets in this region. The most recent investment is by Luo Fude, which recently began construction of a USD 5 million paper

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recycling plant in La Tour Koenig industrial zone.

¶17. (C) The Shanxi Tianli Enterprise Group (STEG) plans to invest massively to create the Mauritius Tianli Economic and Trade Cooperation Zone near the Mauritius port. The total cost of the project, the largest ever foreign direct investment in Mauritius to date, is estimated at about USD 500 million and is expected to generate 42,000 jobs in the next five years. The project expects to attract Chinese investors in a wide range of sectors, including manufacturing, information technology, property development, tourism and leisure, health, logistics, and services. Construction works on the first phase of the project, scheduled for early 2008, are now expected to start by mid-**¶12009**. The construction delay is said to be a result of local government change in the Chinese province of Shanxi, which is also supporting the project. The new governor was in Mauritius at the beginning of February 2009, ahead of the President's visit, to reaffirm their support of the project. China Development Bank is the principal financier of the zone, which is to be one of the five offshore bases for Chinese commercial activity in Africa. Earlier in 2003, STEG invested USD 27 million in a large cotton spinning plant, which is supplying yarn to both local and export markets.

¶18. (C) Post contacts like Rajcoomar Bikoo, Director of Technical Services for the Ministry of Public Utilities, cites poor performance of Chinese companies' awarded tenders in the past for a reason to be leery of Chinese investment. The local press reports that trade unionists and government officials are worried about an influx of Chinese laborers and an increased black market of substandard equipment and services. Public suspicions prompted Ambassador Yuchen to defend the Tianli project, in a 13 February interview in the L'express daily, as a project that will "generate many jobs for Mauritians and diversify local production." He added that Tianli would not be a "Chinese enclave," meaning that there should be no fear of an influx of Chinese labor.

¶9. (C) According to a number of high-ranking Embassy contacts, the visit was difficult to schedule. On February 2, Permanent Secretary Fong-Weng Poorun told POLOFF that that Mauritian determination to meet the stringent demands of the Chinese was not being reciprocated. She commented that the advance Chinese protocol team of 11 persons that arrived on January 13 had to be prodded to accept Mauritius holding their traditional honorary banquet for the President, and even when the Chinese accepted, the normal program was truncated. Fong-Weng said that Hu Jintao's schedule would be "fluffy" and consist of a meeting with the President, Prime Minister, leader of the opposition, the traditional visit to the botanical gardens, and a signing of bilateral treaties to initiate already discussed projects. According to Fong-Weng, Hu Jintao's visit to the Tianli project and STEG were turned down by STEG representatives because they were "not ready to for a meeting by the President." Fong-Weng seemed not impressed with the visit, and suggested Hu Jintao was treating Mauritius like a "quick stop" on his four leg tour.

¶10. (C) Before and during the visit, Police Commissioner Rampersad vented privately to EmbOffs that the level of security requirements from the Chinese was "unprecedented" and that the Mauritian people would not like closed roads or the removal of speed bumps. Other measures demanded, and acceded to by the GOM, included shutting down shops and businesses along the routes of the President's motorcade, lining hundreds of police officers (roughly one every 300 meters) along the highway to and from the airport, and blocking the one main highway on the island in both directions some three hours before the motorcade traveled in the area. Due to the expected traffic problems caused by these demands, the Mauritian Government elected to shut down the government for the duration of the visit and to require all schools, public and private, to shut down for the same period. During the State Dinner on February 16, Rampersad told Charge that his forces were too thin on the ground and were serving "ineffectual purposes." He believed the security measures were unnecessary, especially as there was no "identified or other threat against the Chinese President."

PUBLIC HOSTAGE TO HU JINTAU, SAYS THE PRESS

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¶11. (C) The Government was silent in responding to concerns in press and the public about the visit. The Government made no counter arguments to press stories such as "Drivers Taken as Hostages of Hu Jintao" (Le Defi Plus, February 15) and "China, the Friend Who Scares Us," (L'express Dimanche, February 15). As another example of the GOM's desire to please the Chinese, according to press articles, Amnesty International's application for a demonstration was, for the first time in its history in Mauritius, denied. They had planned a peaceful demonstration against China's human rights abuses.

PRIME MINISTER USES VISIT TO PLEAD FOR MORE...

¶12. (SBU) During the State Dinner on February 16, the PM highlighted Mauritius' adoption of the one-China policy decades ago, noting that Mauritius went ahead with the move despite "immense pressure." He praised China's ability to weather the international financial crisis, adding that "Now the world waits with bated breath for China to play its part for the world economies to recover from this global recession. Those who extolled the virtues of free-market capitalism and dreamt of a global free-market have been proved decisively wrong. It is today clear that Adam Smith's invisible hand can wreck (sic) havoc - we need the

firm, guiding hand of Central Government." And he heralded China as a "rare beacon of hope," adding that he is confident that China "will continue to stand by countries less fortunate than itself."

¶13. (C) Many event attendees -- from foreign diplomats to senior Mauritian government officials -- privately made negative comments about the speech, calling it "over the top," and "pandering." One Mauritian Government official was visibly agitated over the speech, commenting "Now do you see the problem we have because of the people who surround the Prime Minister these days?"

...AND GETS IT

¶14. (C) During an 18 February private meeting with Charge, the Prime Minister expressed his contentment over the success of the visit. When asked about his negative free trade comments which he made during the State Dinner, the Prime Minister said proudly that he wrote this portion of the speech himself, and that it was intended to send a message "to a few specific people." He was pleased that the "Chinese President really seemed to like that part." He added that he had been told by credible sources that the trip to Mauritius was the President's favorite stop. The Prime Minister also raved in public over the results of the visit.

¶15. (U) During the visit, Hu Jintao and Ramgoolam signed a number of agreements, which include:

- A preferential Buyers' Credit Loan Agreement, in which the Export-Import Bank of China provided a loan of USD 270 million at two percent interest to finance the extension of the airport terminal.
- An Interest-free Loan Agreement of USD 6.2 million and a grant agreement of USD 4.7 million to be used to finance still-to-be identified infrastructure projects.
- Promises for Chinese loan agreements for a harbor bridge and the Terre Rouge-Verdun road to ease traffic congestion in Port Louis.

COMMENT

¶16. (C) The Government of Mauritius, and especially the Prime Minister, bent over backward to please the visiting delegation. It seemed that pleasing the Chinese was more important than freedom of speech (hence the rejection of the properly filed Amnesty International petition) and that little concern was given to the negative impact and impression it left on the people of the island. Mauritius will continue to play to its strengths as a stable country

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with preferential access to regional markets to attract the most Chinese investment possible. The President's visit, the subsequent loan agreements, and the Tianli project show that the Chinese are open to exploring a broadened economic relationship with Mauritius. The Chinese aggressive approach to the Mauritian market may be tempered, however, by Mauritius' small market size, trade unions, and public suspicion of Chinese intentions.

BLASER